

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /035 R

DRAFTED BY EB/AN:JCOOK:VLV

APPROVED BY EB/AN:RABROWN

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R 251704Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY ROME

UNCLAS STATE 045323

E.O. 11652: N/A

TAGS: EAIR, IT

SUBJECT: CIVAIR - US-ITALIAN CONSULTATIONS, FEB 17-23

1. BELOW IS TEXT OF MEMORANDUM OF CONSULTATIONS ON
SCHEDULED AIR SERVICES WHICH WAS SIGNED FEB 23, 1976:

DELEGATIONS REPRESENTING THE GOVERNMENT OF THE UNITED
STATES AND THE GOVERNMENT OF THE ITALIAN REPUBLIC MET IN
WASHINGTON, D. C. FEBRUARY 17-23, 1976 AT THE REQUEST OF
THE ITALIAN GOVERNMENT IN ACCORDANCE WITH THE TERMS OF
ARTICLE 11 OF THE AIR TRANSPORT AGREEMENT DATED JUNE 22,
1970 FOR A GENERAL REVIEW OF THE EXISTING AGREEMENT BETWEEN
ITALY AND THE UNITED STATES.

DURING THE NEGOTIATIONS, THE FOLLOWING POINTS WERE SUBMITTED
BY THE ITALIAN DELEGATION FOR THE CONSIDERATION OF THE
UNITED STATES DELEGATION:

(1) AMENDMENT OF ARTICLE 3 OF THE AIR TRANSPORT AGREEMENT
CONCERNING DESIGNATION OF AIRLINES: ON THIS MATTER THE
ITALIAN DELEGATION SUBMITTED A NEW TEXT OF SAID ARTICLE
(ITALIAN DOCUMENT 1 - 1976) PROPOSING THE DESIGNATION OF
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ONE SINGLE CARRIER BY EACH CONTRACTING PARTY.

(2) AMENDMENT OF ARTICLE 9 CONCERNING THE OFFER OF CAPACITY ON THE ROUTES OF THE AIR TRANSPORT AGREEMENT: THE ITALIAN DELEGATION SUBMITTED A NEW TEXT OF SAID ARTICLE (ITALIAN DOCUMENT 2 - 1976) WHICH SHOULD BE READ IN CONJUNCTION WITH ITALIAN DOCUMENT 3 - 1976) PROPOSING CONTROL OF THE CAPACITY TO BE OFFERED BY THE DESIGNATED AIRLINE OF EACH CONTRACTING PARTY PRIOR TO THE INTRODUCTION OF SUCH CAPACITY IN ANY GIVEN PERIOD ON THE BASIS OF 50/50 SHARING FOR EACH CONTRACTING PARTY.

(3) AMENDMENT OF ARTICLE 10 CONCERNING REGULATION OF FARES AND RATES: THE ITALIAN DELEGATION SUBMITTED A NEW TEXT OF SAID ARTICLE (ITALIAN DOCUMENT 4 - 1976) PROPOSING A MORE COMPREHENSIVE FORMULATION OF THIS ARTICLE.

(4) AMENDMENT TO THE ROUTE SCHEDULE ANNEXED TO THE AIR TRANSPORT AGREEMENT: THE ITALIAN DELEGATION SUBMITTED NEW ROUTE SCHEDULES FOR BOTH PARTIES (ITALIAN DOCUMENT 5 - 1976) PROPOSING A REVISED EXCHANGE OF ROUTES AND TRAFFIC RIGHTS BETWEEN THE PARTIES.

THE UNITED STATES DELEGATION STATED THAT THE UNITED STATES WAS OPPOSED TO A RESTRICTION IN THE AGREEMENT LIMITING EACH COUNTRY TO SINGLE DESIGNATION OF AIRLINES. IT NOTED THAT THE NUMBER OF US AIRLINES SERVING ITALY WOULD BE DECIDED IN THE PENDING TRANSATLANTIC ROUTE RENEWAL CASE. WITH REGARD TO THE ITALIAN PROPOSALS ON CAPACITY, THE UNITED STATES DELEGATION SAID THAT IT WAS OPPOSED TO SUCH RESTRICTIVE ARRANGEMENTS. IT OFFERED TO CONSIDER REVISIONS IN THE CURRENT MEMORANDUM OF CONSULTATIONS TO TAKE INTO ACCOUNT CAPACITY CHANGES IN MARKET DECLINE SITUATIONS ALONG THE SAME CONCEPTUAL LINES AS THE CURRENT PROCEDURES. THE UNITED STATES DELEGATION PROPOSED THAT THE PRESENT CAPACITY PROCEDURES NOT APPLY TO ALL-CARGO SERVICES BECAUSE OF THE SPECIAL CHARACTERISTICS OF CARGO DEMAND AND THE NORMAL TENDENCY OF AIRLINES TO ADJUST CAPACITY TO DEMAND. THE ITALIAN DELEGATION BELIEVED THAT IT WAS NOT ADVISABLE TO CHANGE THE EXISTING PROCEDURES ON THE FILING OF SCHEDULES SINCE THE GLOBAL EVALUATION OF CARGO CAPACITY

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ON BOTH ALL-CARGO AND COMBINATION SERVICES IS POSSIBLE ONLY BY APPLYING THE PRESENT PROCEDURES ON THE FILING OF SCHEDULES.

WITH REGARD TO ARTICLE 10, THE TWO DELEGATIONS AGREED IN PRINCIPLE TO THE DESIRABILITY OF MAKING CERTAIN CHANGES.

THE UNITED STATES DELEGATION STATED THAT IT WAS PREPARED

TO RENEGOTIATE THE ROUTE SCHEDULE, BUT THAT IT WAS NOT IN A POSITION TO NEGOTIATE THE DETAILS UNTIL THE PENDING

TRANSATLANTIC ROUTE RENEWAL CASE WAS DECIDED.

DURING THE MEETING, AT THE REQUEST OF THE ITALIAN GOVERNMENT THROUGH DIPLOMATIC CHANNELS, THE TWO DELEGATIONS ALSO EXAMINED THE COMBINATION CAPACITY PLANNED BY THE DESIGNATED AIRLINES OF THE RESPECTIVE COUNTRIES FOR THE 1976 SUMMER SEASON. THE TWO DELEGATIONS WERE UNABLE TO AGREE ON THE LEVEL OF SAID PROPOSED CAPACITY.

THE TWO DELEGATIONS ALSO DISCUSSED THE SUBJECT OF CHANGE OF GAUGE OUTSIDE ITALIAN TERRITORY AND THE INTRODUCTION OF THE B-747-F AIRCRAFT ON ROUTES IN THE AGREEMENT. THE ITALIAN DELEGATION ASSERTED THAT BOTH CHANGE OF GAUGE OUTSIDE ITALIAN TERRITORY AND THE USE OF B-747-F AIRCRAFT ARE NOT PERMITTED UNDER THE PRESENT AIR TRANSPORT AGREEMENT. THE UNITED STATES DELEGATION STATED THAT THE UNITED STATES GOVERNMENT TOOK THE POSITION THAT THE AIR TRANSPORT AGREEMENT COULD NOT BE INTERPRETED TO PROHIBIT CHANGE OF GAUGE OR USE OF ANY PARTICULAR TYPE OF AIRCRAFT, AND THAT ACTION BY ITALY ALONG THESE LINES WOULD HAVE TO BE REGARDED AS INCONSISTENT WITH THE AGREEMENT. IT URGED THE ITALIAN AUTHORITIES TO RECONSIDER THEIR POSITION.

THE UNITED STATES DELEGATION NOTED THE FINDING OF THE US SECRETARY OF TRANSPORTATION WITH REGARD TO THE GROUND HANDLING SYSTEM AT ROME AIRPORTS. IT URGED THAT THE BASIS FOR THE FINDING BE REMOVED AND THAT THE AIRLINES BE GIVEN A FREEDOM OF CHOICE IN ARRANGING GROUND HANDLING SERVICES WHEN THE SERVICES OR CHARGES OF THE AIRPORT COMPANY WERE UNSATISFACTORY.

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THE ITALIAN DELEGATION STATED THAT ITALIAN LAW 755 IS NOT MEANT TO BE DETRIMENTAL TO ANY AIRLINE INCLUDING US AIRLINES, AND IS CONSISTENT WITH ARTICLE 15 OF THE CHICAGO CONVENTION AND WITH THE AIR TRANSPORT AGREEMENT.

THE UNITED STATES DELEGATION RAISED AGAIN THE CONTROVERSIAL QUESTION OF PAYMENT OF LANDING FEES AT ROME AIRPORTS AND EXPRESSED ITS EXPECTATION THAT THIS LONGSTANDING SITUATION WOULD SOON BE RESOLVED.

THE ITALIAN DELEGATION NOTED THAT ITALIAN LAW DOES NOT EXEMPT ANY AIRLINE FROM PAYMENT OF SUCH FEES, AND ADDED THAT THE MATTER IS STILL UNDER CONSIDERATION IN THE COURTS.

THE ITALIAN DELEGATION REITERATED THE FUNDAMENTAL IMPORTANCE IT ATTACHES TO THE SOLUTION OF THE PROBLEMS SUBMITTED DURING THIS NEGOTIATION AND REQUESTED THAT THE TWO

DELEGATIONS MEET AGAIN BEFORE THE 31ST OF MAY, 1976.

THE UNITED STATES DELEGATION TOOK NOTE OF THE ITALIAN REQUEST AND WILL RESPOND IN DUE COURSE.

2. COPY OF MEMORANDUM OF CONSULTATION ON CHARTER SERVICES WHICH IS TO BE SIGNED ON FEBRUARY 24 BEING SENT UNDER SEPTTEL TOGETHER WITH DETAILED REPORT ON OUTCOME OF TALKS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIR TRANSPORTATION, MEETING REPORTS, NEGOTIATIONS, AVIATION AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE045323
Document Source: CORE
Document Unique ID: 00
Drafter: JCOOK:VLV
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760071-0388
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760213/aaaaalae.tel
Line Count: 183
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2004 by schwenja>; APPROVED <31 AUG 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - US-ITALIAN CONSULTATIONS, FEB 17-23
TAGS: EAIR, IT, US
To: ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006